

Message Text

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PAGE 01 CAIRO 03310 021125Z

15

ACTION NEA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

AGR-20 STR-08 DRC-01 /214 W
----- 013375

R 021020Z NOV 73

FM USINT CAIRO

TO SECSTATE WASHDC 4176

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EO 11652: N/A

TAGS: EGEN

SUBJECT: CONSUMER PRICE RISES FOLLOWING HOSTILITIES

1. SINCE OCTOBER 6, PRICES OF CONSUMER ITEMS, PARTICULARLY FOODSTUFFS AND SERVICES, HAVE GENERALLY INCREASED ACROSS THE BOARD. A LIST OF ABOUT 25 INDICATORS SHOWS A TOTAL AVERAGE INCREASE OF APPROXIMATELY 30 PERCENT WITHIN THE PAST THREE WEEKS; SOME ITEMS, SUCH AS TEA AND SUGAR BEING SOLD ON THE FREE MARKET HAVE RISEN CONSIDERABLY MORE. FREE MARKET PRICES OF ESSENTIAL FOODSTUFFS HAVE RISEN BY AN AVERAGE OF 40 PERCENT. IN ADDITION, THE GOE HAS IMPOSED ADDITIONAL TAXES, BOTH DIRECT AND INDIRECT, AND HAS INCREASED COMPULSORY RATE OF SAVING FROM ONE-HALF OF A DAY'S WAGE PER MONTH TO THREE-QUARTERS OF A DAY'S WAGE PER MONTH.

2. IMPACT OF INCREASED ECONOMIC BURDEN IS BEING FELT AT ALL LEVELS OF EGYPTIAN SOCIETY, BUT MOST PARTICULARLY BY MIDDLE CLASS, WHICH IS ACCUSTOMED TO SUPPLEMENT RATIONED FOODSTUFFS BY BUYING ON OPEN MARKET. NORMAL EGYPTIAN RATIONING SYSTEM CUSHIONS EFFECT OF INCREASES ON EGYPTIAN LOWER CLASS, BUT
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PAGE 02 CAIRO 03310 021125Z

EVEN HERE PRICE INCREASES WILL HURT. UPPER CLASS REMAINS

LEAST AFFECTED.

3. GOE HAS STATED THAT INCREASES OF PRICES AND TAXES ARE ONLY TEMPORARY--I.E., UNTIL SETTLEMENT TO ME CRISIS IS REACHED. EVEN WHEN PRESENT CRISIS ABATES, HOWEVER, PRICES OF COMMODITIES WILL PROBABLY REMAIN HIGH UNTIL ADEQUATE SUPPLIES BECOME AVAILABLE. INCREASE OF COSTS OF SERVICES WILL PROBABLY NOT DECREASE.

4. AIRGRAM WITH DETAILS FOLLOWS.
SMITH

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Draft Date: 02 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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Executive Order: N/A
Errors: N/A
Film Number: n/a
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US Department of State
EO Systematic Review
30 JUN 2005

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